



"We Value Our Commitment."

2nd Floor CGIC Bldg., Jose Abad Santos Avenue, San Jose,
City of San Fernando, Pampanga.

**MANUAL ON
CORPORATE GOVERNANCE
AND
CODE OF CONDUCT**

Corporate Guarantee & Insurance Company, Incorporated
doing business under the name and style of
CORPORATE GUARANTEE (A Non-Life Insurance Company)

As of December 9, 2021

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Corporate Governance Policies and Codes of Conduct Development

Corporate Guarantee's Corporate Governance Policy and Code of Conduct aim to provide guidance in attaining high standards in every operations of the company as a good corporate citizen in the region and entire nation.

This shall lay foundation on balancing the interests of the company's stakeholders, shareholders, senior management executives, customers, suppliers, financiers, the government and the community where it operates.

Corporate Governance and Code of Conduct entails the areas of environmental awareness, ethical behavior, corporate strategy, compensation and risk management in accordance with basic principles of accountability, transparency, fairness and responsibility.

Toward this end, this policy shall continue to develop whenever necessary in order to accomplish business goals, observe good corporate governance and to protect its operation and integrity in accordance with the principled culture of compliance.

Quality Policy

We at Corporate Guarantee pride ourselves in providing quality non-life insurance products and services that enhance customer satisfaction.

We do this by meeting customer, statutory and regulatory requirements, and by continuously reviewing and improving the effectiveness of our processes and quality objectives through our competent and committed management team and employees.

Corporate Values

In implementing the established quality objectives, Corporate Guarantee will be guided with the following corporate values:

- ✓ Customer Satisfaction
- ✓ Honesty and Integrity
- ✓ Hard work and Productivity
- ✓ Efficiency
- ✓ Social Responsibility

A. DEFINITIONS

1. **Corporate Governance**- the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stockholders.

Corporate Governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior- reconciling long-term customer satisfaction with shareholder value- to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

2. **Board of Directors**- the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
3. **Management**- a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
4. **Independent director**- a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
5. **Executive director**- a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
6. **Non-executive director**- a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
7. **Conglomerate**- a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
8. **Internal control**- a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
9. **Enterprise Risk Management**- a process designed and effected by entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
10. **Entity**- shall also refer to a company.
11. **Related Party**- shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interest (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.
12. **Related Party Transactions**- a transfer of resources, services or obligations between a reporting entity and a related entity, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes related party.
13. **Shareholder**- refers to an owner of a share of stock in a company. For the purpose of this Code, the term shareholder shall also refer to a member of a non-stock non-profit entity.

14. **Stakeholders**- any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

B. BOARD OF DIRECTORS

Composition

The Board of Directors is elected to represent shareholders' interests and the governing body that typically meets at regular intervals to set corporate management and oversight policies. Powers of the Board are stated in Article III of its Amended Articles of Incorporation. Composed of six (6) members functioning either as Executive, Non-Executive and Independent Directors.

The Board of Directors, including the CEO (Chief Executive Officer), has defined roles and responsibilities within the business organization. Essentially, it is the role of the board of directors to hire the CEO or general manager of the business and assess the overall direction and strategy of the business.

Qualifications

Directors sitting on the Board are holders of at least one (1) share of the voting stock of the company. Said share shall stand in his name on the books of the Corporation during his term, otherwise he shall cease to be a director.

The Board of Directors shall possess proven integrity, probity, credibility and disciplines in view of the fiduciary nature of insurance business and obligation. Each is committed to develop individual skills and knowledge on the insurance industry, their respective field of expertise and for principal business considerations.

Duties and Responsibilities

In a broad sense, the corporate board of directors acts as a fiduciary for shareholders and the public that it serves being the insurance business by nature is imbued with public interest. The Board is also tasked with a number of other responsibilities, including the following:

- Creation of policies
- Develop a policy based governance system
- Monitor and control function on significant business decisions and operational matters.
- Makes decisions concerning the hiring and firing of personnel, necessary policies and payouts, and executive compensation
- Supporting executives and their teams
- Strategic function in providing the vision, mission and goals of the organization
- Fiduciary duty to protect the organization's assets, resources and investments.

The organization's bylaws typically outline the duties for the Board, however at times roles need to be evaluated especially during times of drastic change or growth, so that the overall business plan continues to meet the needs of the organization. Board allows some flexibility as the corporation's needs change.

The Board of Directors is also bound to ensure in all means practicable and applicable that in pursuit of its vision, the company operates in accordance with the principles of corporate governance.

Latest Board Members

Lisset Laus-Velasco
Ma. Theresa A. Laus
Paul Tristan A. Laus

Chairman & CEO
Member
Member

Ada Carisa A. Laus	Member
Levy Adrian A. Laus	Member
Francisco P. Ramos	Member
Karren R. A Jose	Member
Romeo G. Torno	Independent Director

The Chairman and Chief Executive Officer

The company structure is that the positions of Chairman of the Board and Chief Executive Officer are held by the same person. Elected by the Board of Directors and charged with the supervision and management of high-level affairs of the company and ensures balance between management and corporate governance with support of the management team.

Among the goals include achieving profitability, increasing the company's market share, developing a customer base, and enhancing the company's image. In many cases, Chief Executive Officer serves as the public face of the company.

The Chairman and CEO shall not be a Chairman or member of other sub-committees.

Independent Director

Membership of the Board shall include an Independent Director, who does not represent nor hold any business or relationship directly in conflict of interest with the company and could materially interfere with the exercise of independent judgment. The Board shall ensure that independent director's composition is compliant with at least twenty percent (20%) of the Board.

As defined under Insurance Commission's Circular Nos. 2018-36 and 2019-36, an Independent Director shall refer to a person who-

1. is not or was not a regular director, officer or employee of the company, subsidiaries, affiliates or related companies during the past three (3) years counted from the date of election/appointment;
2. is not or was not a regular director, officer, or employee of the company's substantial stockholders and related companies during the past three (3) years counted from the date of election/appointment;
3. is not an owner of more than two (2) percent of the outstanding shares or a stockholder with share of stock sufficient to elect one (1) seat, in the board of directors of the company, or any of its related companies or any of its majority corporate shareholders;
4. is not a relative by affinity or consanguinity within the fourth (4th) degree of director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the company or any of its related companies or any of its substantial stockholders;
5. is not acting as a nominee or representative of any director or substantial shareholder of the company, any of its related companies or any of its substantial shareholders;
6. is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the company, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
7. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
8. was not appointed in the company, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
9. is not affiliated with any non-profit organization that receives significant funding from the company or any of its related companies or substantial shareholders; and

10. Is not employed as an executive officer of another company where any of the company's executives serve as a regular directors.

Election and Removal of Board Members

While members of the Board of Directors are elected by shareholders. Bylaws provide guidelines on powers, election, term, vacancies and compensation on membership of the Board.

Breaking foundational rules can lead to the expulsion of a director. These infractions include but are not limited to the following:

- Using directorial powers for something other than the financial benefit of the corporation
- Using proprietary information for personal profit
- Making deals with third parties to sway a vote at a board meeting
- Engaging in transactions with the corporation that result in a conflict of interest

C. GOVERNANCE POLICIES AND GUIDELINES

Related to Shareholders

The Board of Directors are accountable to shareholders for both business operations and in achieving targeted goals that will lead to optimal benefits for shareholders, whilst serving the wider interests of all stakeholders.

The Board of Directors value the importance of shareholder meetings and shall encourage all shareholders to attend. The Board of Directors will endeavor to offer shareholders access to information, to pose questions, and to exercise voting rights at these meetings in an equitable manner.

The regular meetings of stockholders, for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held on any day of April of each year if not legal holiday, otherwise, on the business day following. The Board of Directors may provide, however, that the regular meeting shall be held at such other day and time as shall be specified in the notice of the meeting, which shall be sent at least thirty (30) days prior the intended date.

Multiple Board Seats

The Board recognizes multi-affiliated directors on its membership to consider advantage of fostering networks that promote the flow of resources across affiliated industries.

Multiple directorships are looked upon ultimately beneficial to the company as far as benefits, information and resources gained shall not be detrimental to their performance, general care and supervision and to primordial business and affairs of the company as imbued with public interest.

Conduct of Board Meetings

The Board of Directors usually meets several times a year to set the company's long-term goals, review financial results, evaluate the performance of executives and managers, and vote on strategic decisions proposed by the Chief Executive Officer and creation of relative policies for business and regulatory compliance.

Meetings of the Board shall be presided over by the Chairman of the Board, or in his absence the President, or if none of the aforesaid is in office, present and acting, by any other director chosen by the Board. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary of the Assistant Secretary is present, the Chairman shall appoint a secretary of the meeting.

Board Committees

Other than the Executive Committee, The Board shall in furtherance of good corporate governance shall establish specialized committees to aid in the protection of its operation and integrity in accordance with the principled culture of compliance. In the advent of continuous development said specialized committees shall be incorporated in these policies for corresponding guidelines.

Internal Controls and Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Authority is granted to the Chief Audit Officer and staff for full, free, and unrestricted access to any, and all company activities, records, properties, and personnel. All employees are requested to assist Internal Audit in fulfilling their staff function. Internal Audit shall also have free and unrestricted access to the Chairman of the Board of Directors, and the Audit Committee of the Board of Directors.

Internal Audit shall:

1. Review functional areas and organizations within the company at appropriate intervals to determine whether they are effectively carrying out their assigned responsibilities in accordance with management instructions, policies, and procedures; and in a manner that is consistent with company objectives and with high standards of administrative practice.
2. Promptly report to Management, who should take appropriate action, the results of the examinations made by the auditors, the opinions that they form, and the recommendations that they make.
3. Ensure that any plans or actions taken to correct reported conditions are evaluated for satisfactory disposition of audit findings and, if the disposition is considered unsatisfactory, sees that further discussions are held to achieve satisfactory results.

The Internal Audit shall govern themselves by adherence to the Institute of Internal Auditor's "Code of Ethics." The Institute's "Standards for the Professional Practice of Internal Auditing" and "Statement of Responsibilities" shall constitute the operating procedures.

Enterprise Risk Management

Board of Directors shall develop risk management planning and strategies in order to accomplish business goals and provides a structured and coherent approach to identifying, assessing and managing organizational risks.

A Risk Management Team will be created to report regularly and on a timely basis the operating plans, performance and identify risks that may materialize to impact the company. It shall establish a risk management system for the organization to be actively aware of uncertainty surrounding events or outcomes and to prepare mitigation measures to sustain operation.

Related Party Transactions

In the aim of continuous development of this Corporate Governance and Code of Conduct Manual, The Board of Directors and senior management shall establish a related party transactions guidelines to define material transactions or dealings with related parties that observes good governance, compliant with laws, rules and regulations and are conducted on an arm's length and in the regular course of business basis not undertaken on more favorable economic terms between related parties than similar transactions with non-related parties under similar circumstances, and that no stakeholder is unduly disadvantage.

An RPT committee shall likewise be created in furtherance of this guideline who shall be responsible in the adoption of a comprehensive and tailored fit RPT policy taking into account business structure, risk

profile and complexity of operations. It shall primarily oversee the implementation of the policy and system identifying, monitoring, measuring, controlling and reporting RPTs, including the periodic review of RPT policies and procedures.

Monitoring and Evaluation of Performance

The Board of Directors through its operations team shall develop, establish and maintain documented procedures for planning and implementing internal quality audits to verify whether quality activities and related results comply with planned arrangements and to continuously determine the effectiveness of the quality system and performance to ensure efficient provision of services or attainment of the company's objectives.

The results of the audit shall be recorded using Internal Quality Audit Details of Non-Conformity and Agreed Corrective Action Report. These findings shall be brought to the attention of the personnel having responsibility in the area audited. The Department Head shall take timely corrections and corrective actions on the deficiencies and their causes found during the audit.

Corporate Culture and Compliance on Good Governance

It is the duty of the Board of Directors to foster a suitable corporate culture consistent with the company's values, mission and vision by assigning to Management the task of implementing measures to achieve this end. The Board and entire operational team shall strive to set a good example in this regard.

The Board may establish system to measure compliance with this Manual and any violation thereof or non-compliance in any guideline or policy set hereunto may be subject to disciplinary action to extent of severance from office/employment as may be determined by the Board of Directors after careful evaluation of issues at hand.

Review and Revision

This Manual shall continue to develop whenever necessary in order to accomplish business goals, developments, compliance with applicable laws and regulatory guidelines, observe good corporate governance and to protect its operation and integrity in accordance with the principled culture of compliance. Any revision and or development are subject to approval of the Board of Directors and such development will be reflected in this manual accordingly.

Code of Conduct

Corporate Guarantee's Code of Conduct shall foster across the organization integrity and professionalism in the workplace, customers, stakeholders and the community. In the performance of duties all are expected to conduct in the utmost respect and competence towards its dealings based on organizations corporate values, ethical standards and this manual.

This manual shall act as a public statement providing the users and customers of a business with understanding of the ethics of the company, how data is being handled and other information and standards that might concern the public. This shall be reviewed and develop from time to time as the circumstances warrant, industry trends and in compliance with applicable laws and regulatory guidelines.

Conflict of Interests

Internal controls has been established to provide guidance in identifying and handling potential and actual conflicts of interest. In most instances, given some guidelines, conflicts of interest can be avoided simply by continuing to exercise good judgment of employees to prevent such conflict situations.

The purpose is to set boundaries where possible conflicts may arise in order to protect the company and prevent clashes or might result in a possible excess benefit transaction between company and employees.

If such a transaction is unavoidable, the Board of Directors shall ensure that the transaction is carried out with transparency and fairness. Any employee having an interest in any transaction must not take part in its approval process.

Transparency, Financial and Operational Reporting

Management is responsible for the preparation and fair presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements tartare free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern as basis of accounting. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Financial statements are audited by credible and independent auditing firm in accordance with Philippine Standards on Auditing (PSA) and Code of Ethics for Professional Accountants in the Philippines.

Information Processing and Use

All information, including but not limited to, sales and marketing strategies, data, product knowledge and pricing methods ("Confidential Information"), which in the course of business transactions and employment shall be gained from the company out of, arising from or by virtue of contractual relationship, shall be kept confidential and shall not be disclosed or divulged to other persons and/or entities. This specific obligation shall survive even after the severance or termination of the relationship with the company.

Dealings with customer related information the company has published its Data Privacy Notice in work sites and website to establish and implement fair information practices as part of the organization's commitment and guarantee to product and service quality.

Personal and Confidential Information will be entitled to all the protection and benefits under applicable laws governing the same, including Republic Act No. 10173 or the Data Privacy Act of the Philippines and its Implementing Rules and Regulations.

Communication with Management

The Board of Directors, through its Chairman, shall invite senior executives to attend its meetings to present information in relation to agenda covering areas to which such executives are responsible.

Communication shall at all times is viewed as essential for decision making and planning. This shall encourage exchange of ideas between the Board and senior executives to foster better relationship, mutual understanding and aligned company objectives. All essential information must be clearly communicated from top line to bottom line of the organization for effective performance and achievement of goals.

Whistleblower Protection

A protection policy shall be strengthened to assure an employee or any stakeholder who reports an activity considered illegal or in violation of outstanding policies and code of conduct or any dishonest act directly or indirectly detrimental to the company shall be protected on confidentiality and against retaliation. However, an employee who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination.

The right of whistleblower for protection against retaliation shall not include immunity for any personal wrongdoing that is alleged and investigated. The company in its aim to protect whistleblower shall not in the same manner will tolerate baseless allegations and tainted with personal ill-motive.

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